

## Investcorp Credit Management US LLC to Acquire Majority Interest in CM Investment Partners LLC

CM Finance Inc Announces Entrance into Stock Purchase Agreement with Investcorp BDC Holdings Limited

NEW YORK, June 26, 2019 (GLOBE NEWSWIRE) -- Investcorp Credit Management US LLC ("Investcorp"), a subsidiary of Investcorp Bank B.S.C., today announced that it has entered into a definitive interest purchase agreement to acquire a majority ownership interest in CM Investment Partners LLC ("CMIP"), the investment adviser to CM Finance Inc ("CM Finance"), through its purchase of the respective equity positions held by certain funds managed by Cyrus Capital Partners, L.P. ("Cyrus") and Stifel Venture Corp. ("Stifel"), and newly issued interests in CMIP (the "Transaction"). As a result of the Transaction, Investcorp will become the majority owner of CMIP and Michael Mauer and Christopher Jansen, CMIP's Co-Chief Investment Officers, will together maintain a minority ownership interest in CMIP. Notwithstanding the sale of their respective interests in CMIP, each of Cyrus and Stifel will retain their equity interests in the Company as of the date of the closing of the Transaction (the "Closing"), which currently represent a 44.1% interest in the aggregate.

Simultaneously therewith, CM Finance entered into a definitive stock purchase and transaction agreement with an affiliate of Investcorp (the "Stock Purchase Agreement"), through which, following the Closing and before the second anniversary of the date of the Closing, Investcorp (or an affiliate thereof) will purchase (i) newly issued shares of CM Finance's common stock in an amount representing 5% of the total outstanding shares of common stock as of the date of the Stock Purchase Agreement, at the most recently determined net asset value per share of CM Finance's common stock at the time of such purchase, and (ii) shares of CM Finance's common stock in open-market transactions in an amount representing 5% of the total outstanding shares of common stock as of the date of the Stock Purchase Agreement.

The Transaction augments Investcorp's position as a leading global credit asset manager and advances its goal of providing clients with a diverse range of alternative investment products and solutions to meet their evolving needs, including in the middle-market lending space.

"We are delighted to announce the acquisition of CMIP, marking our entry into 'middle-market' lending in the U.S.," said Jeremy Ghose, Head of Investcorp Credit Management. "We are seeing significant opportunities in the BDC space and we believe that this acquisition will enable us to capitalize on these opportunities going forward. It also allows us to reach a new client segment as we look to grow our client base by delivering our expertise to a wider group of shareholders and high-net-worth individuals in the U.S."

Michael Mauer, Chairman and Chief Executive Officer of CM Finance and Co-Chief Investment Officer of CMIP, said, "We believe being part of the Investcorp platform will significantly benefit our shareholders. Investcorp, founded in 1982, has its roots in the middle market. This deep experience will benefit our shareholders and our efforts to expand our business. The Investcorp credit platform has a significant presence across the U.S. and Europe with over \$12 billion under management. Working with Investcorp should greatly expand our capabilities, enhance our sourcing abilities and help us to further build our middle market business."

CMIP complements Investcorp's global credit business with seasoned investment talent and a strong long-term track record at a time of increasing client demand for private credit. An important feature of the Transaction is the continuity of CMIP's senior management team, including Co-Chief Investment Officers Michael Mauer and Christopher Jansen.

The acquisition will allow CMIP's significant experience in structuring customized debt solutions for middle-market companies to complement Investcorp's global reach, industry experience and extensive investment capabilities.

Upon the Closing, CMIP is expected to join the Investcorp platform and, pending the approval of CM Finance's stockholders, which is required under the Investment Company Act of 1940 and one of the pre-conditions to Closing, remain the investment adviser to CM Finance.

CM Finance's Board of Directors has unanimously approved the Stock Purchase Agreement and the transactions contemplated thereby, including the new investment advisory agreement (the "New Advisory Agreement") pursuant to which CMIP will continue to serve as CM Finance's investment adviser, and recommends that CM Finance's stockholders approve the New Advisory Agreement. CM Finance intends to hold a special meeting of stockholders as soon as practicable to obtain the requisite stockholder approval.

The Transaction, which is expected to close in the third quarter of 2019, is subject to customary regulatory requirements and closing conditions.

### **Conference Call Information**

A conference call has been scheduled for 1:00 pm (Eastern Time) on Thursday, June 27, 2019. Representatives from both CM Finance and Investcorp will participate in the call.

All interested parties may participate in the conference call by dialing (888) 334-5784 approximately 5-10 minutes prior to the call; international callers should dial (314) 696-0510. Participants should reference CM Finance analyst conference call. For those who are not able to listen to the call, a replay will be available shortly after the call by visiting our website at <http://cmfn-inc.com/analyst-call-audio>.

### **About CM Finance Inc**

CM Finance Inc ("CM Finance") is an externally-managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940. CM Finance's investment objective is to maximize the total return to its stockholders in the form of current income and capital appreciation through debt and related equity

investments by targeting investment opportunities with favorable risk-adjusted returns. CM Finance seeks to invest primarily in middle-market companies that have annual revenues of at least \$50mm and earnings before interest, taxes, depreciation and amortization of at least \$15mm. CM Finance's investment activities are managed by its investment adviser, CM Investment Partners LLC. To learn more about CM Finance Inc, please visit [www.cmfn-inc.com](http://www.cmfn-inc.com).

### **About CM Investment Partners LLC**

CM Investment Partners LLC ("CMIP") serves as the external investment adviser to CM Finance Inc (Nasdaq: CMFN), and is responsible for sourcing investment opportunities, conducting industry research, performing diligence on potential investments, structuring investments and monitoring portfolio companies on an ongoing basis.

### **About Investcorp**

Investcorp is a leading global manager of alternative investments. Led by a new vision, Investcorp has embarked on an ambitious, albeit prudent, growth strategy. Investcorp continues to focus on generating value through a disciplined investment approach in four lines of business: private equity, real estate, absolute return investments and credit management.

As at March 31, 2019, Investcorp had US\$26.7<sup>1</sup> billion in total AUM, including assets managed by third party managers and assets subject to a non-discretionary advisory mandate where Investcorp receives fees calculated on the basis of AUM.

Since its inception in 1982, Investcorp has made over 185 Private Equity deals in the U.S., Europe, the Middle East and North Africa region and Asia, across a range of sectors including retail and consumer products, technology, business services and industrials, and more than 600 commercial and residential real estate investments in the US and Europe, for in excess of US \$59 billion in transaction value.

Investcorp employs approximately 400 people across its offices in Bahrain, New York, London, Abu Dhabi, Riyadh, Doha, Mumbai and Singapore. For further information, including our most recent periodic financial statements, which details our assets under management, please refer to:

**Website:** [www.investcorp.com](http://www.investcorp.com)

**Twitter:** [www.twitter.com/Investcorp](https://www.twitter.com/Investcorp)

**LinkedIn:** [www.linkedin.com/company/Investcorp](http://www.linkedin.com/company/Investcorp)

<sup>1</sup> AUM includes approximately \$2.1 billion of hedge fund partnerships (including exposure through multi-manager solutions), managed by third party managers and assets subject to a non-discretionary advisory mandate, where Investcorp receives fees calculated on the basis of AUM. Real estate investments are stated at gross asset value.

### **Cautionary Statement Regarding Forward-Looking Statements**

This press release contains "forward-looking" statements, including statements regarding the proposed transactions. All statements, other than historical facts, including but not limited to statements regarding the expected timing of the closing of the proposed transactions; the ability of the parties to complete the proposed transactions considering the various closing conditions; the expected benefits of the proposed transactions such as improved operations, enhanced revenues and cash flow, growth potential, market profile and financial strength; the competitive ability and position of CM Finance following completion of the proposed transactions; and any assumptions underlying any of the foregoing, are forward-looking statements. Forward-looking statements concern future circumstances and results and other statements that are not historical facts and are sometimes identified by the words "may," "will," "should," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "overestimate," "underestimate," "believe," "could," "project," "predict," "continue," "target" or other similar words or expressions. Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, (1) that one or more closing conditions to the transaction may not be satisfied or waived, on a timely basis or otherwise, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the proposed transactions, may require conditions, limitations or restrictions in connection with such approval or that the required approval by the stockholders of CM Finance may not be obtained; (2) the risk that the proposed transactions may not be completed in the time frame expected by parties, or at all; (3) unexpected costs, charges or expenses resulting from the proposed transactions; (4) uncertainty of the expected financial performance of CM Finance following completion of the proposed transactions; (5) failure to realize the anticipated benefits of the proposed transactions, including as a result of delay in completing the proposed transactions; (6) the ability of CM Finance to implement its business strategy; (7) the occurrence of any event that could give rise to termination of the agreements; (8) the risk that shareholder litigation in connection with the proposed transactions may affect the timing or occurrence of the contemplated transaction or result in significant costs of defense, indemnification and liability; (9) evolving legal, regulatory and tax regimes; (10) changes in general economic and/or industry specific conditions; and (11) other risk factors as detailed from time to time in CM Finance's reports filed with the Securities and Exchange Commission ("SEC"), including CM Finance's annual report on Form 10-K for the year ended June 30, 2018, periodic quarterly reports on Form 10-Q, periodic current reports on Form 8-K and other documents filed with the SEC.

Any forward-looking statements speak only as of the date of this press release. CM Finance does not undertake any obligation to update any forward-looking statements, whether as a result of new information or developments, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on any of these forward-looking statements.

### **Additional Information and Where to Find It**

In connection with the proposed transactions, CM Finance plans to file with the SEC and mail to its stockholders a proxy statement on Schedule 14A (the "Proxy Statement"). The Proxy Statement will contain important information about CM Finance, CM Investment Partners LLC ("CMIP"), Investcorp Credit Management US LLC ("Investcorp"), the proposed transactions and related matters. INVESTORS AND

SECURITY HOLDERS ARE URGED TO READ THE PROXY STATEMENT, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS THERETO, CAREFULLY AND IN ITS ENTIRETY WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION ABOUT CM FINANCE, CMIP, INVESTCORP, THE PROPOSED TRANSACTIONS AND RELATED MATTERS. Investors and security holders will be able to obtain the Proxy Statement and other documents filed with the SEC by CM Finance, free of charge, from the SEC's web site at [www.sec.gov](http://www.sec.gov) and from CM Finance's web site at [www.cmfn-inc.com](http://www.cmfn-inc.com). Investors and security holders may also obtain free copies of the Proxy Statement and other documents filed with the SEC from CM Finance by calling Investor Relations at (212) 257-5199.

### **Participants in the Solicitation**

CM Finance and its directors, executive officers and other persons may be deemed to be participants in the solicitation of proxies from the stockholders of CM Finance common stock in respect of the approval of the New Advisory Agreement. Information regarding CM Finance's directors and executive officers is available in its definitive proxy statement for CM Finance's 2018 annual meeting of stockholders filed with the SEC on September 20, 2018 (the "CM Finance 2018 Proxy Statement"), as modified or supplemented by any Form 3 or Form 4 filed with the SEC since the date of the CM Finance 2018 Proxy Statement. Other information regarding the interests of the participants in the proxy solicitation will be included in the Proxy Statement if and when it becomes available. These documents can be obtained, or will be available, free of charge from the sources indicated above.

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